



# Committee On Finance

Chuck Grassley, Chairman

Max Baucus, Ranking Member

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**NEWS RELEASE**

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## **Grassley and Baucus Praise IRS's Crackdown and Settlement of Significant Tax Shelter** *Senators Press for Passage of Broad Tax Shelter Legislation, Included in JOBS Bill*

(WASHINGTON, D.C.) U.S. Senators Chuck Grassley and Max Baucus, Chairman and Ranking Member of the U.S. Senate Finance Committee, today praised the actions of the Internal Revenue Service (IRS) in aggressively identifying and shutting down a large tax shelter operation, known as "Son of Boss."

The IRS has identified more than a thousand "Son of Boss" transactions, which involve various abusive and illegal tax shelters sold by promoters to taxpayers for the principle purpose of avoiding taxes. Taxpayers engaged in Son of Boss transactions are avoiding at least \$6 billion annually, according to IRS estimates.

The Son of Boss settlement initiative announced today encourages taxpayers involved in these transactions to come forward and pay 100 percent of taxes due, plus interest. The penalty is 10 percent for those who only engaged in tax shelters once, 20 percent for those who have used more than one tax shelter, and 40 percent for those who fail to come forward within 45 days.

### **Statements of Senators Grassley and Baucus regarding Son of Boss tax shelter settlement initiative:**

#### **Chairman Grassley:**

"It's good news that the IRS is cracking down on these 'Son of Boss' transactions. The public Treasury has lost billions because of this abusive tax shelter. While the Treasury is allowing those who bought these tax shelters to come in from the cold, the Finance Committee will be watching closely to ensure that the IRS brings a big stick to those who don't 'fess up.

The IRS especially needs to go after the promoters. In addition, the commissioner and I discussed the limitation of appeals rights in this crackdown, and I'm satisfied that he recognizes my view that this should happen only in rare situations. Finally, abusive and egregious tax shelters are so prevalent that Sen. Baucus and I are moving legislation that ends the suspension of interest for taxpayers who buy listed tax transactions like the 'Son of Boss' and others."

**Ranking Member Baucus:**

"I applaud the IRS's plan to aggressively combat 'Son of Boss' transactions, with particular focus on those who have promoted this abusive scheme. The IRS knows the names of more than 1,000 taxpayers who have participated in 'Son of Boss' and with this settlement initiative, they're closer to learning the names of thousands more -- as well as finding more promoters responsible for pushing these illegal shelters. According to IRS Commissioner Everson, these cases represent \$6 billion in lost tax revenue. Billions more may be at stake.

The IRS has stepped up to the plate -- and I believe they have hit a homerun with their pursuit of 'Son of Boss' transactions. Now Congress is up at bat. The Senate Finance Committee has passed tax shelter legislation numerous times and it is currently included in the JOBS bill being debated on the Senate floor. Our tax shelter legislation would give the IRS additional tools and penalties to go up against the taxpayers and promoters who participate in abusive tax shelters. I urge my colleagues to step up to the plate -- it is time to be a team player and hit another homerun so that we knock abusive tax shelters out of the ballpark."

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